Endorsed

President of the Board of Directors

Alexandru Sandulescu

NOTE

on the approval of a resolution of the shareholders of Societatea Nationala Nuclearelectrica S.A.

regarding the extension of the Investment Agreement for the Cernavoda NPP's Units 3 & 4 Project

(1). Brief history of the process of re-negotiation of the Investment Agreement for the Cernavoda NPP's Units 3 and 4 Project

The re-negotiation of the Investment Agreement (IA) related to the Cernavoda NPP's Units 3 and 4 Project (the Project), initially signed in December 2008, was carried out in several successive stages, namely:

(i) During September-December 2010 (during the validity period of the Addendum No. 1 to IA, signed in September 2010) – at the end of this period, in December 2010, **the Addendum No. 2 to IA** was signed, which extended the IA duration by 2 more months (till the end of February 2011), mainly in order to give the involved parties the opportunity to finalize the IA re-negotiation.

(ii) During January-February 2011 (during the validity period of the Addendum No. 2 to IA, signed in December 2010) - when, at the end of the process of re-negotiation, February 28, 2011, Societatea Nationala Nuclearelectrica S.A. (SNN) and the investors remaining in the Project, Enel and ArcelorMittal Galati (AM), signed the Revised Investment Agreement (RIA), in the form of **the Addendum No. 3 to IA**.

(iii) In December 2012 **the Addendum No. 4 to IA** was signed, by which the parties committed themselves to resume negotiations and reconsider certain provisions of the IA to re-structure the Project and to create an attractive framework for new investors. For this purpose, in accordance with the Addendum No. 4, the proposed deadline for the completion of the new process of re-negotiation of the AI (that was going to materialize with the conclusion of the Addendum No.5 to IA) was agreed as the date of March 31, 2013 and the new DL1 (on which date, in case the parties fail to reach an agreement with respect to the fulfillment of the pre-conditions for adopting the Investment Decision, the AI would automatically terminate) was established on 30 June 2013.

(iv) During March-June 2013, some rounds of re-negotiation of the IA were carried out, for the purpose of agreeing upon and signing the Addendum No. 5 to IA. At the end of June 2013, as, till the new expiry date of the IA established through the Addendum No. 4, i.e. 30 June 2013,

SNN and the two investors, Enel and ArcelorMittal, failed to complete the negotiations, mainly due to additional requirements made by the two partners of SNN, requirements whose negotiation could not be finalized during the very short period of time left till the expiry of the IA, it was agreed that the IA be extended, on a provisional basis, until 31 August 2013 in order to proceed with the negotiations and agree on other aspects of the Cernavoda NPP's Units 3 and 4 Project. Accordingly, on 28 June 2013, **the Addendum No. 5 to IA** was signed, having a limited validity period of 2 months, until August 31, 2013.

(v) During the month of August 2013, SNN and the two partners in the Project, Enel and AM carried on the negotiations previously started and managed to agree upon and to conclude (at the end of August 2013) **the Addendum No. 6 to IA**, with a validity period until 31 December 2013.

(2). Relevant issues regarding the current status of the Cernavoda NPP's Units 3 and 4 Project

The project has made progress during the year 2013, following two distinct coordinates:

(i) *The activities developed during this period of time by the three current investors in the Project (SNN, Enel and AM), in the project company's structure, S.C. EnergoNuclear S.A. (EN)- where SNN holds 84.65% of the shares, Enel holds 9.15% of the shares and AM holds 6.2% of the shares - in order to create the pre-conditions to attract new investors, to restructure the Project and to build an attractive framework for the new potential investors.* To this end, we mention the fact that the Romanian Government has decided – through the Memorandum entitled "Actions necessary for the continuation of the completion of the Cernavoda NPP's Units 3 and 4 Project", approved on November 14, 2012 - "the extension of the validity term of the Investment Agreement after the date of 1st January 2013, in order to create the pre-requisites to attract new investors, and, consequently, the continuation of the project development through the cooperation of the three current shareholders of EnergoNuclear S.A. S.C. (EN) for a period up to December 31, 2013, at the latest."

Actually, the major milestones achieved so far are:

- the continuation of the negotiations with the winning tenderer (SNC Lavalin-Ansaldo-Elcomex Consortium) for the award of the turn-key contract related to the construction of two units (the engineering, procurement, construction – IPC- type contract);

- the completion of the procedures necessary for obtaining the environmental agreement - meaning that in October 2013, the Romanian Government Decision No. 737 on the issuance of the Environmental Agreement for the Project "Continuation of the construction works and completion of the Cernavoda NPP's Units 3 and 4" was published in the Official Gazette of Romania Part I No. 634;

- the continuation of taking the measures and actions necessary to get the technical opinion regarding the connection to the transmission grid;

- the identification of the market measures and mechanisms necessary to increase the attractiveness of the project in order to attract new investors to the project;

- the promotion of the Project in China during the official visits and agreeing upon and signing some statements of intent regarding the steps necessary to make the investment decision.

(ii) *Negotiations, conducted by SNN together with the Department for Energy (DE) of the Ministry of Economy, on one hand, and the Chinese partners (mainly, China General Nuclear Power Corporation - CGNPC), on the other hand, regarding the possible involvement of the latter in the Project.* In this context, an important step was the signing, in late November 2013, on the occasion of the "China - Central and Eastern Europe Trade and Economic Forum", a Letter of Intent between SNN and CGNPC, a document which governs the cooperation framework between SNN and the Chinese partner with a view to signing a firm agreement involving the Chinese Party in the Project. This Letter of Intent was supported and strengthened by a Letter of Comfort issued by DE. At the end of November, on the occasion of the same event, a Memorandum of Understanding for cooperation on nuclear projects was signed between the Romanian Ministry of Economy – The Department for Energy and the National Administration for Energy of the People Republic of China.

(3). Alternative actions for SNN, till 31 December2013

We mention that in the Addendum No. 3 to IA - also known as the "Revised Investment Agreement" (RIA), agreed upon by SNN together with the two investors, Enel and AM, in February 2011, a new approach to the pre-project stage was established, namely, the process regarding the final decision to invest in the Project was to take place in two stages: a first stage of decision-making, which was to be completed by 31 July 2012, by adopting the Investment Decision I (ID1) and a second stage of the decision-making process, which was to be completed by adopting the Investment Decision II (ID2), scheduled to be made on 1 July 2013. In order to prevent the automatic termination of the IA, in case that the basic conditions to make ID1 and ID2 would not have been met in due time, IA specifies two additional terms, the Deadline 1 (DL1 – 31 December 2012) and the Deadline 2 (DL2-31 December 2013), terms by which the two deadlines DL1 and DL2, previously mentioned, would have automatically been extended, thus avoiding the IA termination by reaching its deadline. Subsequently, as ID1 was not adopted on the initially scheduled date, the validity period of the IA was automatically extended until the DL1 (31 December 2012), by activating the mechanism previously detailed. Through the Addendum No. 4 to IA of December 2012, the Parties undertook to resume negotiations and reconsider certain provisions of the IA, in order to restructure the Project and to create an attractive framework for new investors. Formally, in order to create the legal framework that would allow the carrying out of these negotiations, the Parties adopted, once again, the solution of extending the DL1. Thus, as per Addendum No.4, the new DL1 became 30 June 2013. This mechanism of extending the validity period of the IA, by extending the DL1, was successively adopted on the occasion of signing the Addendum No. 5 (when the DL1 became the date of 31 august 2013) and of signing the Addendum No. 6 (when the DL1 became the date of 31 December 2013). As a result, the new expiry date of the validity of the IA is the date of 31 December 2013.

According to this IA, at the time of the DL1 (31 December 2013), depending on the fulfillment or non-fulfillment of the pre-conditions set out in the IA under Articles. 6.11- 6.13 (or only of part of them) the following variants are possible:

- In so far as any of the pre-conditions that should be met until DL1 are actually fulfilled and the two partners (or only one of them) would be satisfied with the general level of the project's development, they may express their consent to further remain involved in the Project (this possibility is, therefore, recognized by the Investment Agreement only in the favour of Enel and AM).

- If the elements, which lie at the basis of ID1, will not be agreed upon, any investor may freely and without any restriction renounce the Project, without any obligation to pay any penalties and without any other explanation, this resulting in a direct consequence: the termination of this Investment Agreement. The Project may continue in the current legal structure, namely, developed through the project company EN – in which case, SNN would purchase all the shares held by Enel and/or AM, thus becoming the sole shareholder of the project company (provided that SNN purchases all the shares owned by the other two partners). Finally, even if the elements, on which the decision should be made, would be fulfilled, the investors still maintain their right to consider whether they wish or not to continue the Project and, in case they decide that they no longer want to continue their involvement in the Project, they may decide to give it up, by paying a penalty of 500.000 Euro.

In addition to those detailed above, as per the Addendum No. 6 to the IA (August 2013) the following were established: (i) a right of option ("call option") for SNN– meaning that AM and Enel undertake the firm obligation to sell their shares in EN, at the simple, express request of SNN, anytime, during the period between the extension date of the IA (September 1st, 2013) and the new DL1 (December 31st, 2013) as well as (ii) a "put option" right of the investors AM and Enel – consisting in their right (and the correlative obligation of SNN) to transfer their shares held in the project company EN to SNN, anytime till the new expiry date of the IA (December 31st, 2013). These rights are not subject to the fulfilment of the pre-conditions required for the adoption of the above mentioned ID1. At the same time, it was also been agreed with the two partners upon the removal from this IA of all the provisions (Art. 4.11 – 4.16) related to the "Option alternatives" for Enel and AM, namely, the provisions according to which Enel and AM had the right either to underwrite shares within EN, at the share nominal value, in addition to the percentage they already held, or to purchase shares from SNN, also at the share nominal value, so that the percentage of shares held by AM could have reached 11% while the percentage of shares held by Enel could have reached 19%. Following the discussions with the two partners, AM and Enel, their agreement was obtained so that the price of the "put/call option" should represent 80% of the share nominal value, therefore, a smaller price than the share nominal value. **At the same time, we inform the shareholders that, in case that the two partners in the Project or only one of them exercises its option to renounce the Project ("put option"), SNN has the obligation to purchase the shares of the such partner/partners** (as per Addendum No.6 to the Investment Agreement for the Cernavoda NPP Units 3 and 4 Project, the purchase of the shares represents an obligation for SNN), **at a price that represents 80% of the nominal value of the shares**, following that the IA for the Cernavoda NPP's Units 3 and 4 Project be terminated (or, in the case that only one of the partners decides to leave the Project, the IA will continue with the partner remaining in the Project) and the project company EN will continue to exist and operate as a branch fully owned by SNN (sole shareholder company).

(4) Proposals for the approval of the Extraordinary Meeting of Shareholders of SNN S.A.

In the context of those mentioned above, the following issues are rendered evident:

- Not even at the moment of 31.12.2013, the current partners in the Project, SNN, Enel and AM are able to make a clear decision to continue the Project, in the absence of other investors involved in the Project. This is due to the fact that the Project is obviously not feasible with the current shareholding structure of EN, where SNN holds 84.65% , that is why SNN is not able to support, to such extent, an investment of this size. On the other hand, nor the partners of SNN in the Project, Enel and AM, wish (and neither they are objectively capable to) make a clear decision to continue their involvement in the Project, eventually by increasing their current participation quota (which, at present, cumulated, represents 15.35%), unless other investors interested in joining the investment efforts of the 3 existing partners are identified.
- The Chinese investors (CGNPC) expressed their interest in the Project, but their involvement is conditioned by meeting some of their requirements referring to the involvement of the Romanian authorities and needing time (as it is necessary to pass certain governmental decisions and issue legal acts to support the development of the Project). At the same time, the decision making process of CGNPC requires, objectively, time, as the due-diligence activities that CGNPC plans to undertake need a minimum period of 6 months.

These issues lead to the necessity that SNN should continue its involvement in the Project in 2014 and support the existence and activity of EN. This is necessary because, in case that the Chinese Party decides to get involved in the Project, as investor (mainly, but not only limited to), this will be performed, practically and legally, by co-opting CGNPC in the shareholding structure of the project company EN. It is also desired that the current partners of SNN, Enel and AM, continue their involvement in the Project.

In this context, SNN will start discussions, in the next period (December 2013) with its partners in the Project, Enel and AM, regarding the renegotiation of the IA, in order to obtain their agreement on the extension of the IA until 31.12.2014, with the purpose of granting the Chinese partners (CGNPC) the possibility to develop the due-diligence activity of the Project, estimated to be concluded in the summer of 2014, and, if the results are considered positive/satisfying by CGNPC, CGNPC should be able to make a firm and clear decision in the second half of 2014 regarding their involvement in the Project, mainly as investor.

Taking into account the above mentioned, **we submit for the approval of the Extraordinary General Meeting of Shareholders the following proposal:**

The extension of the validity term of the Investment Agreement for the Cernavoda NPP's Units 3 and 4 Project till 31 December 2014, at the latest, by concluding an Addendum No. 7 thereto, as a result of the re-negotiation with the current partners in the Project - ArcelorMittal Galati and Enel. Upon the completion of the re-negotiation with its two partners, the SNN's Commission to be charged with the re-negotiation shall elaborate a Report on the results of the re-negotiation, to which it is attached the renegotiated form of the Addendum No.7 to the Investment Agreement for the Cernavoda NPP's Units 3 and 4 Project, documents which shall be endorsed by the Board of Directors, approved by the management of the Department for Energy and signed by the legal representative of SNN after the approval of the proposal contained in this Note for General Meeting of the Shareholders of SNN. In the event that Enel and/or ArcelorMittal Galati do not agree upon the extension of the Investment Agreement,

SNN’s management shall be empowered to exercise the "call/put option", i.e. SNN shall purchase the shares of the partner/partners (whose transfer is the obligation of Enel and ArcelorMittal Galati, based on the Addendum No. 6 to the Investment Agreement for the Cernavod NPP’s Units 3 and 4 Project) at a price per share of 80% of the share nominal value as per the Addendum No. 6 to the Investment Agreement, as the Investment Agreement for the Cernavoda NPP’s Units 3 and 4 Project is due to terminate (or, in the event that only one of the partners decides to give up the Project, the IA will only be continued with the partner remaining in the Project) and the Project Company, EnergoNuclear, will continue to exist and operate as a branch fully owned by SNN.